Alberta weekly economic review

June 22, 2012

Population

Alberta's strong labour market fuels interprovincial migration

As of April 1, 2012, Alberta's population was an estimated 3,847,119, up 89,000 or 2.4% over the last year, the strongest growth of all provinces. During the first quarter of 2012, Alberta gained 13,396 migrants from other provinces compared to about 5,300 in the same period last year. Alberta has not experienced net interprovincial inflows of comparable magnitude since 2005 and 2006.

Nationally, the population grew by 1.1% over last year, representing 388,000 new Canadians.

Job Vacancies

Job openings start to pile up in Alberta

The province's job vacancy rate, defined as the number of job openings as a percentage of total labour required, came in at 3.5% for the first quarter, up from 2.3% during the same period last year and almost double the national rate of 1.8%. Another indication of Alberta's strong labour market is the unemployment to job vacancy ratio. Alberta's ratio was the lowest in Canada at 1.8 compared to 5.8 nationally.

Consumer Price Index (CPI)

Alberta's inflation rate remains the lowest in the country

Alberta's inflation rate fell for the 7th straight month to 0.4% in May. Falling prices for natural gas (-38.5%) and gasoline (-6.6%) contributed to May's low inflation rate. Excluding volatile energy prices, inflation dropped to 1.5%.

The Canadian inflation rate also dropped in May to 1.2%, from April's 2.0% reading. The decrease was primarily due to falling energy prices.

Retail Trade

Alberta retail sales edge back, but remain above last year's level

April retail sales in Alberta declined 0.2% to $5.7 billion, following a strong increase in March. However, Alberta continues to lead the country in year-over-year retail sales growth, with retail sales increasing 7.8% over April 2011. The solid year-over-year gain was fueled by increases in vehicle purchases (10.1%), building materials (11.8%), and gas station sales (8.3%).

Canada's retail sales declined 0.5% in April, offsetting a 0.4% increase in March and were up 3.4% year-over-year.

Alberta Oil Production

ERCB Releases Long Term Forecast

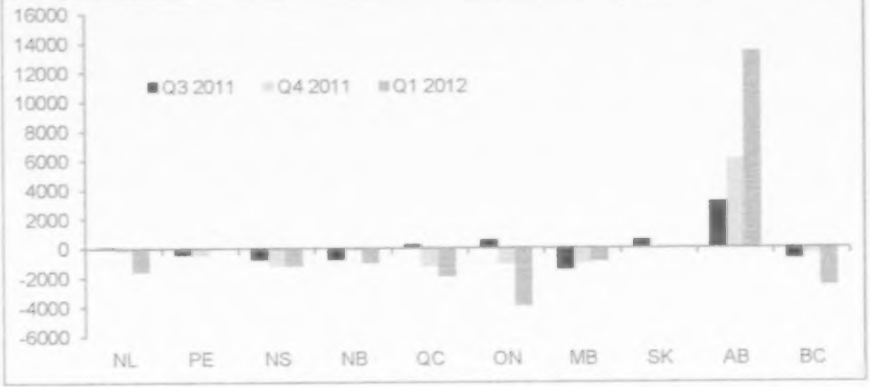
Oil production in the province is forecast to rise by 12.6% this year to over 2.75 million barrels per day, led by a 13% increase in oil sands extraction, according to the Energy Resource Conservation Board's ST-98 annual publication. Conventional production is also predicted to jump, by 11% in 2012. By 2020, Alberta oil production is forecast to exceed 4.5 million barrels per day.

Puchasing Managers' Indices (PMI)

PMIs reflect economic headwinds

Manufacturing activity remained in contraction mode in the Eurozone and China, while growth in the US slowed, according to The HSBC Markit Flash PMI June release. The weak readings, combined with ongoing concerns in Europe contributed to a retrenchment in equity and commodity markets this week. Oil prices fell below $US80/bbl (WTI) for the first time since October 2011.

Net Interprovincial Migration



Source: Statistics Canada

Closing Prices	June 14, 2012	June 21, 2012	2012–13 Fiscal YTD
Canadian Dollar ($US/$CAD)	97.59	97.55	99.11
WTI Oil ($US/bbl)	$83.91	$78.30	$94.74
NYMEX Natural Gas ($US/MMBtu)	$2.50	$2.58	$2.31

Alberta Economic Indicators[1]

Population	2010	2011	2012YTD	Dec	Jan	Feb	Mar	Apr	May
NEW: Population[2] (000's)	3,721	3,779	3,847		3,816			3,847	
% change	1.2	1.6	2.0		2.0			2.4	
NEW: Net Interprovincial Migration[2] (level)	-3,271	13,660	22,542		6,010			13,336	
NEW: Net International Migration[2] (level)	21,783	14,091	17,506		6,291			8,673	
NEW: Net Non-permanent Residents[2] (level)	135	7,368	5,042		105			2,643	
Labour Market									
Employment (000's)	2,018	2,096	2,139	2,133	2,136	2,128	2,150	2,141	2,151
% change	0.4	3.8	3.6	3.9	3.9	3.8	3.1	3.9	4.1
Unemployment Rate (%)	6.5	5.5	4.9	4.9	4.9	5.0	5.2	4.9	4.9
Participation Rate (%)	72.8	73.7	73.9	74.0	74.1	73.7	74.0	73.9	73.7
Average Weekly Earnings ($)	993.26	1,038.69	1,066.91	1,049.78	1,066.05	1,064.80	1,086.87		
% change	4.6	4.6	2.8	4.4	2.5	2.4	4.0		
Price Indices									
NEW: Consumer Price Index	1.0	2.4	1.5	2.9	2.9	1.9	1.7	0.8	0.4
Excluding food and energy	0.8	0.8	1.5	1.2	1.4	1.9	1.8	2.1	1.9
Non-Res. Building Cost Price Index[3]	-0.1	3.4	4.6	4.0			4.6		
Farm Product Price Index	-1.5	17.2	4.1	10.0	7.3	3.2	2.0		
Crops	-9.7	18.5	3.0	1.6	0.6	3.3	4.4		
Livestock	5.7	17.2	10.9	17.6	15.1	0.8	5.2		
Household Sector									
Housing Starts (SAAR, 000's)	26.9	25.5	32.3	28.5	28.9	31.0	35.2	37.0	31.4
% change	34.8	-5.2	46.9	36.3	34.2	41.8	68.4	67.4	26.1
New Housing Price Index[4]	0.5	0.4	0.7	0.5	0.7	0.7	0.8	1.2	
Edmonton	0.8	0.9	0.9	1.2	1.3	0.1	0.8	1.2	
Calgary	1.7	-0.1	0.5	0.1	0.1	0.4	0.8	0.9	
MLS Average Resale Price ($ 000's)	350.9	352.7	358.4	351.0	349.0	360.5	364.6	360.5	356.2
% change	3.1	0.5	1.3	0.7	2.7	5.0	2.5	2.1	4.1
Edmonton ($ 000's)	306.5	324.2	332.4	328.0	325.2	334.5	337.3	337.3	334.0
% change	2.3	-0.7	3.1	1.3	0.7	4.8	2.8	3.9	4.1
Calgary ($ 000's)	397.4	401.9	403.8	402.4	378.5	410.5	407.8	409.0	414.1
% change	3.4	1.1	0.1	1.7	6.2	0.5	2.4	1.3	2.6
NEW: Retail Sales	6.0	6.9	9.5	7.9	11.1	9.2	9.9	7.8	
New Motor Vehicle Sales	9.5	9.6	13.0	10.4	23.6	20.8	12.9	1.1	
Consumer Bankruptcies (level)	8,150	7,029	1,616	483	517	539	560		
% change	-18.4	-13.8	-14.6	-6.9	-10.6	-16.2	-16.5		
Business Sector									
Rigs Drilling (level)	207	285	385	338	401	459	538	141	88
% change	61.3	37.9	4.7	25.6	7.6	9.9	7.5	-14.4	-4.7
Goods Exports (current $, level)	12.6	18.3	15.9	15.7	14.9	17.3	11.3	21.2	
Energy	17.4	19.2	18.5	16.7	14.5	17.0	13.0	38.7	
Agriculture	-14.3	21.4	22.2	30.2	27.4	18.4	26.1	17.3	
Total Farm Cash Receipts (quarterly)	-3.7	16.3	28.3	19.0			28.4		
Manufacturing Shipments	11.4	18.0	12.9	16.1	14.8	16.3	12.7	7.9	
NEW: Wholesale Trade	8.5	15.0	16.8	15.7	15.7	16.7	14.4	20.3	
Building Permits	1.3	11.7	16.7	46.6	23.4	22.6	36.9	48.5	
Residential	22.4	5.2	22.2	43.6	34.2	50.2	21.6	1.5	
Non-residential	-18.3	20.9	10.5	67.1	61.7	6.9	64.6	157.8	
Business Bankruptcies (level)	378	264	64	18	20	26	19		
% change	-6.7	30.2	17.9	-64.1	33.3	13.0	-26.9		

YTD year- to- date represents the change since the beginning of the year compared to the same period in the previous year.

[1] Unless otherwise indicated, all figures are year- over- year percentage change.

[2] Quarterly, annual numbers are presented on a calendar year basis (July 1 – June 30).

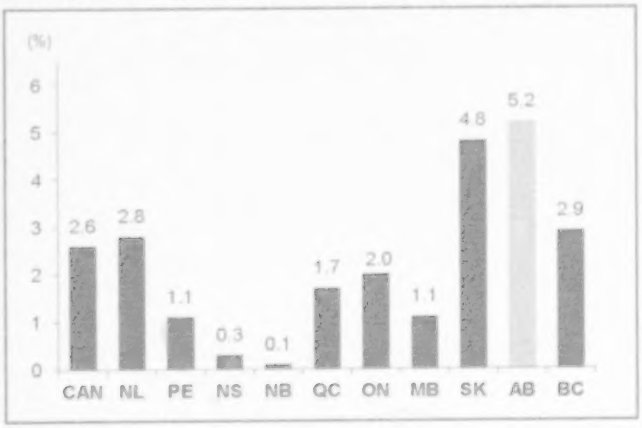
[3] Quarterly, average of Calgary and Edmonton.

[4] Average of Calgary and Edmonton.

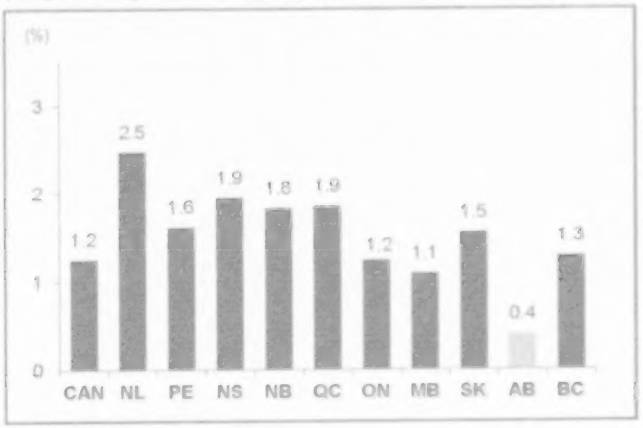
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

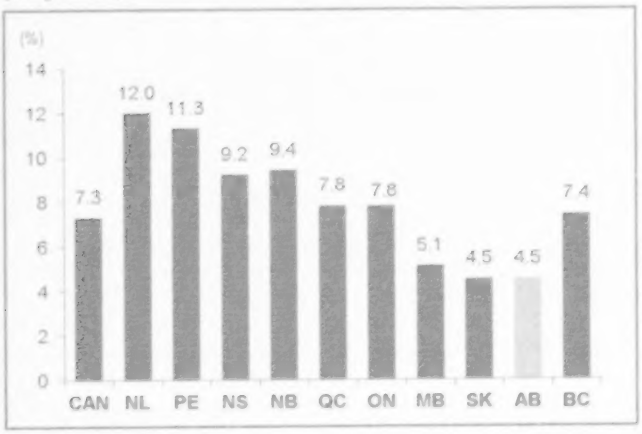
Real GDP Growth by Industry
(2011 preliminary estimates, year-over-year growth)



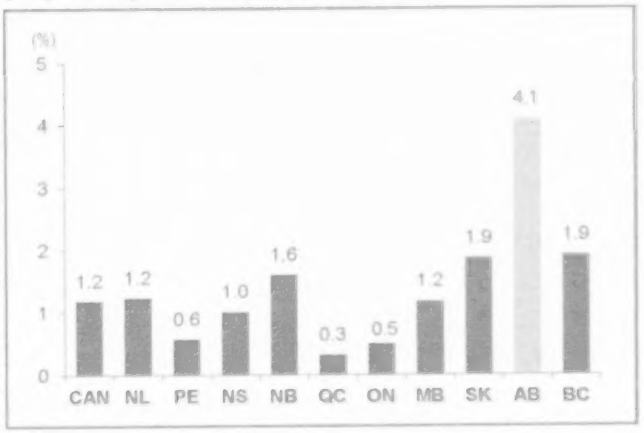
CPI Inflation
(May 2012, year-over-year growth)



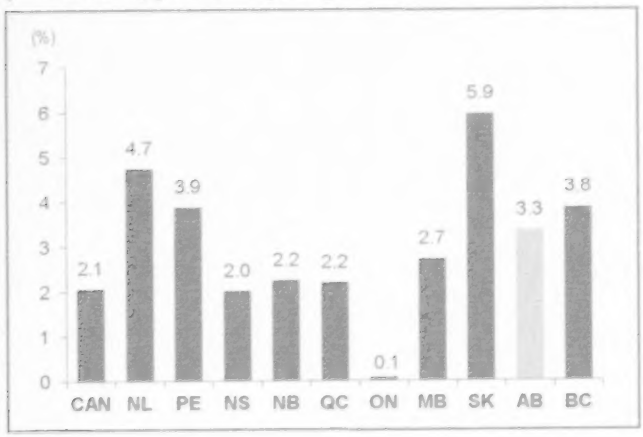
Unemployment Rate
(May 2012)



Employment
(May 2012, year-over-year growth)



Average Weekly Earnings
(March 2012, year-over-year growth)



Housing Starts
(May 2012, SAAR, year-over-year growth)